

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

REMOVAL OF RETURN RECEIPT FOR  
MERCHANDISE SERVICE FROM THE MAIL  
CLASSIFICATION SCHEDULE

Docket No. MC2015-8

**REQUEST OF THE UNITED STATES POSTAL SERVICE  
TO REMOVE RETURN RECEIPT FOR MERCHANDISE SERVICE  
FROM THE MAIL CLASSIFICATION SCHEDULE**  
(November 17, 2014)

In accordance with 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*, the United States Postal Service hereby requests that Return Receipt for Merchandise Service be removed from the Mail Classification Schedule by modifying the description of the Ancillary Services product.<sup>1</sup> The requested changes are outlined in the proposed Mail Classification Schedule ("MCS") language.

Pursuant to 39 U.S.C. § 404(b) and 39 C.F.R. § 3.4(f), the Governors authorized this request on November 13, 2014; a copy of the Governors' resolution is included at Attachment A. A Statement of Supporting Justification, which demonstrates that the request fulfills the criteria set forth in Section 3642,

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<sup>1</sup> Since the Postal Service is not proposing to add, transfer, or remove an entire product from the market-dominant product list, but is merely modifying the existing description of the Ancillary Services product, the rules under 39 CFR part 3020, subpart B are not a perfect fit. Indeed, the Commission has acknowledged the imperfect nature of applying these rules to modifications of product descriptions. See Docket No. MC2013-3, Order No. 1541, at 4 (Nov. 16, 2012). Nevertheless, the Postal Service has chosen to file this request pursuant to the rules under 39 CFR part 3020, subpart B, to ensure that the language in the Mail Classification Schedule remains accurate and that the public is properly informed. However, the Postal Service does not believe that it is required to submit mail classification changes that merely modify a product description under these rules. In this regard, the Postal Service is heartened by the recent opening of Docket No. RM2015-6, which seeks comments on establishing procedures for mail classification changes that do more than correct scrivener's errors, but fall short of adding, removing, or transferring products from the market-dominant or competitive product lists.

is included at Attachment B. The proposed MCS changes appear at Attachment C. As required by 39 U.S.C. § 3642(d)(1), a notice describing the request will be published in the Federal Register.

Though 39 C.F.R. § 3020.30 *et seq.* does not include a specific timeline for the issuance of a Commission orders in mail classification cases, the Postal Service respectfully requests that the Postal Regulatory Commission (“Commission”) expedite the resolution of this docket. In particular, the Postal Service requests that the Commission develop a hearing schedule that provides for the issuance of an order no later than January 16, 2015. Receipt of an order by this date will allow the Board of Governors to consider the Commission’s decision during its February 2015 meeting.<sup>2</sup>

As discussed in the Statement of Supporting Justification, Return Receipt for Merchandise service provides retail and commercial mailers with the ability to obtain a mailing receipt and a return receipt postcard (with the recipient’s signature and date of delivery) for packages containing merchandise. However, Return Receipt for Merchandise service does not provide the purchaser with the ability to track the package online. Given the availability of alternative Ancillary Services that provide overlapping and improved features (including online tracking), Return Receipt for Merchandise service has become outmoded. As a

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<sup>2</sup> By filing this request today, the Commission has sixty (60) days to issue an order by the date requested by the Postal Service. In this regard, the Postal Service notes that the Commission has resolved similar dockets within a comparable amount of time. For example, in Docket No. MC2013-38, the Commission completed its review of the removal of Confirm service from the market-dominant product list in eighteen (18) days. *Compare* Request of the United States Postal Service to Remove Confirm Service from the Market-Dominant Product List (Feb. 1, 2013), *with* Order No. 1664 (Feb. 19, 2013).

result, Return Receipt for Merchandise volumes and revenues have declined precipitously over the past few years.

Simply put, removing Return Receipt for Merchandise service from the Mail Classification Schedule would allow the Postal Service to simplify the Ancillary Services product by removing a redundant and outmoded product, and would improve customer satisfaction by requiring customers to adopt alternative services that provide overlapping and improved features (including online tracking). Accordingly, the Postal Service requests that the Commission remove Return Receipt for Merchandise service from the Mail Classification Schedule. As described in the Statement of Supporting Justification, the proposed changes fulfill all of the criteria set forth in 39 C.F.R. § 3020.32.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
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November 17, 2014

RESOLUTION OF THE GOVERNORS  
OF THE  
UNITED STATES POSTAL SERVICE

Resolution No. 14-11

Elimination of Return Receipt for Merchandise

From the Market-Dominant Product List

RESOLVED:

Pursuant to section 3642 of title 39, United States Code, the Postal Service shall file a request with the Postal Regulatory Commission to eliminate Return Receipt for Merchandise from the market-dominant product list.

Postal management is directed to provide the required public notice and to file with the Postal Regulatory Commission the mail classification change and supporting documents, in accordance with Part 3020 of Title 39, Code of Federal Regulations.

The foregoing Resolution was adopted by the Governors on November 13, 2014.



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Julie S. Moore  
Secretary, Board of Governors

**CERTIFICATION OF GOVERNORS' VOTE  
IN THE  
GOVERNORS' RESOLUTION 14-11**

I hereby certify that the Governors voted on adopting Governors' Resolution No. 14-10, and that a majority of the Governors then holding office concurred in the Resolution.

<u>Governor</u>	<u>Vote</u>
Barnett	Yes
Bilbray	Yes
Giuliano	Yes
Williams	Yes

  
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Julie S. Moore  
Secretary of the Board of Governors

Date: 11-13-2014

## Statement of Supporting Justification

I, Karen F. Key, Director of Shipping Products and Services, sponsor the Postal Service's request that the Postal Regulatory Commission remove Return Receipt for Merchandise service by modifying the description of the Ancillary Services product. The requested changes are outlined in the proposed Mail Classification Schedule ("MCS") language. This Statement supports the request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32, as indicated below. I attest to the accuracy of the information contained herein.

*(a) Demonstrate why the change is in accordance with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code.*

As demonstrated below in subsections (b) through (i), the change complies with the applicable statutory provisions.

*(b) Explain why, as to market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. 3622(d), and that it advances the objectives of 39 U.S.C. 3622(b), taking into account the factors of 39 U.S.C. 3622(c).*

Section 3622 establishes the system for regulating rates and classes for market-dominant products. Subsection (b) sets forth the regulatory system's objectives. Subsection (c) describes the factors the Commission shall take into account in establishing or revising the system. Subsection (d) delineates the process for raising rates. To the extent that the removal of Return Receipt for Merchandise service from the Ancillary Services product implicates the

objectives and factors set forth in subsections (b) and (c), it is consistent with them; it does not implicate the processes outlined in subsection (d).

Return Receipt for Merchandise service provides retail and commercial mailers with the ability to obtain a mailing receipt and a return receipt postcard (with the recipient's signature and date of delivery) for packages containing merchandise. Return Receipt for Merchandise service does not provide the purchaser with the ability to track their package online. Though many mailers welcomed the introduction of this service when it was first introduced in 1988,<sup>1</sup> revenue and volume for Return Receipt for Merchandise service has declined precipitously since Fiscal Year ("FY") 2011.

**Revenue and Volume  
(Return Receipt for Merchandise)**

Year	Revenue	Chg %	Volume	Chg %
FY11	\$4,634,833	-	1,212,467	-
FY12	\$1,990,211	-57%	511,629	-58%
FY13	\$1,281,616	-36%	317,858	-38%
FY14	\$ 726,564	-44%	167,239	-48%

Source: RPW

Based on discussions with mailers, the Postal Service believes that the declines in revenue and volume are being driven by the outmoded nature of Return Receipt for Merchandise service and the availability of alternative offerings that provide improved features, including online tracking. Accordingly, by eliminating Return Receipt for Merchandise service from the Ancillary Services product, the Postal Service would be able to discontinue a redundant and outmoded offering, simplify the Ancillary Services product, and improve customer satisfaction.

<sup>1</sup> Docket No. R87-1, USPS-T-21, at 47.

With respect to the availability of alternative offerings, mailers currently using Return for Merchandise service can obtain improved features by purchasing Signature Confirmation or Certified Mail (Return Receipt Requested) services. For example, customers purchasing Signature Confirmation service receive evidence of mailing, the date of delivery, an electronic scan of the customer's signature, and the ability to track their shipment online.<sup>2</sup> These features are offered at a significantly cheaper price than Return Receipt for Merchandise service. Alternatively, Return Receipt for Merchandise customers who wish to continue receiving physical return receipt postcards can do so by purchasing Certified Mail and Return Receipt services. The combination of these services provide mailers with a mailing receipt, a return receipt postcard (with the recipient's signature and date of delivery), and the ability to track their packages online.<sup>3</sup> The combination of Certified Mail and Return Receipt services would cost somewhat more than Return Receipt for Merchandise service.

Given that Return Receipt for Merchandise mailers will be able to obtain equivalent or improved features using other services, the objectives in section 3622(b), such as maintaining "high quality service standards"<sup>4</sup> and a "just and reasonable" schedule,<sup>5</sup> shall continue to be met. Similarly, looking at the factors in section 3622(c), the availability of Signature Confirmation and Certified Mail

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<sup>2</sup> Given the similarity between Return Receipt for Merchandise and Signature Confirmation services, the Postal Service began actively migrating Return Receipt for Merchandise customers to Signature Confirmation in FY 2012.

<sup>3</sup> Though Certified Mail service is only available with First-Class Mail, First-Class Package Service, and Priority Mail, these products represent a majority of the parcels sent with Return Receipt for Merchandise service. Accordingly, the Postal Service does not anticipate that a significant number of Return Receipt for Merchandise customers will be inconvenienced by the inability to receive a return receipt postcard after the elimination of this service.

<sup>4</sup> 39 U.S.C. § 3622(b)(3).

<sup>5</sup> 39 U.S.C. § 3622(b)(8).



services means that there will be “available alternative means” to receiving the same features provided by Return Receipt for Merchandise “at reasonable costs.”<sup>6</sup> Moreover, the removal of Return Receipt for Merchandise service from the Ancillary Services product will help ensure the “simplicity of structure” for mail classification.<sup>7</sup>

*(c) Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. 3633.*

The request to remove Return Receipt for Merchandise service from the Ancillary Services product does not implicate the standards set forth in Section 3633 for competitive products.

*(d) Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs; (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

The Postal Service’s request to remove Return Receipt for Merchandise service from the Ancillary Services product does not attempt to classify any product as competitive.

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<sup>6</sup> 39 U.S.C. § 3622(c)(4).

<sup>7</sup> 39 U.S.C. § 3622(c)(6).

*(e) Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 18 U.S.C. 1696 subject to the exceptions set forth in 39 U.S.C. 601.*

As set forth in 18 U.S.C. §1696(a), the postal monopoly covers the conveyance of letters. A letter is defined as “a message directed to a specific person or address and recorded in or on a tangible object...”<sup>8</sup> A message is further defined as “any information or intelligence.”<sup>9</sup> Given that Return Receipt for Merchandise service is ancillary to the carriage of letters (or parcels that may contain letters), it does not fall within the scope of the postal monopoly. Moreover, since this subsection is primarily designed to ensure that products covered by the Postal Monopoly are not incorrectly classified as competitive, the Postal Service does not believe that its request in this docket implicates this section.

*(f) Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.*

Other shipping services providers such as UPS and FedEx offer similar services designed to provide mailers with proof of mailing and evidence of delivery.<sup>10</sup> Additionally, as discussed in subsection b above, the Postal Service also offers alternatives to Return Receipt for Merchandise service with equivalent or improved features.

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<sup>8</sup> 39 C.F.R. § 310.1(a). A tangible object used to record a letter may include, but is not limited to “paper (including paper in sheet or card form), recording disks, and magnetic tapes.” 39 C.F.R. § 310.1(a)(1).

<sup>9</sup> 39 C.F.R. § 310.1(a)(2).

<sup>10</sup> For example, descriptions of similar UPS services are available in its Value-Added Services guide. Available at: [http://www.ups.com/media/en/value-added\\_pricing\\_retail.pdf](http://www.ups.com/media/en/value-added_pricing_retail.pdf). Similarly, descriptions of comparable FedEx services are available in its Value-Added Options Guide. Available at: <http://www.fedex.com/us/service-guide/our-services/options/index.html>

*(g) Provide any information available on the views of those who use the product on the appropriateness of the proposed modification.*

Given that current Return Receipt for Merchandise customers will continue to have access to equivalent or improved features by using Signature Confirmation or Certified Mail services, the Postal Service does not believe that customers will oppose the elimination of this service. Significantly, the Postal Service has not received any complaints from customers that it has already migrated to Signature Confirmation service.<sup>11</sup> Further, customers who migrate to Signature Confirmation service will realize a substantial savings.

*(h) Provide a description of the likely impact of the proposed modification on small business concerns.*

The removal of Return Receipt for Merchandise service from the Ancillary Services product is not likely to have a material impact on small business concerns. To the extent that the elimination of Return Receipt for Merchandise service has forced some small businesses to migrate to Signature Confirmation or Certified Mail services, the Postal Service has not received any adverse feedback.

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<sup>11</sup> In this regard, it is important to note that every customer that the Postal Service has sought to migrate to an alternative offering has chosen Signature Confirmation service. Based on customer feedback received during this process, the Postal Service expects most remaining Return Receipt for Merchandise customers to migrate to Signature Confirmation service once the elimination is approved.

- (i) Include such information and data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.*

Making the modifications to the Mail Classification Schedule requested herein would allow the Postal Service to eliminate a redundant and outmoded Ancillary Service while simultaneously simplifying customer options and improving customer satisfaction. Accordingly, the Commission should approve the elimination of Return Receipt for Merchandise service by modifying the description of the Ancillary Services product.

## **MAIL CLASSIFICATION CHANGES**

(Deletions are marked by strike-through. Some unchanged language is included, but only to show the location of the changes.)

**PART A****MARKET DOMINANT PRODUCTS**

\* \* \* \* \*

**1420 Bound Printed Matter Parcels**

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**1420.5 Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - Collect on Delivery (1505.7)
  - USPS Tracking (1505.8)
  - Insurance (1505.9)
  - Merchandise Return Service (1505.10)
  - Return Receipt (1505.13)
  - ~~Return Receipt for Merchandise (1505.14)~~
  - Restricted Delivery (1505.15)
  - Signature Confirmation (1505.17)
  - Special Handling (1505.18)
- Competitive Ancillary Services (2645)
  - Package Intercept Service (2645.2)

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**1425 Media Mail/Library Mail**

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**1425.5 Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - Collect on Delivery (1505.7)
  - USPS Tracking (1505.8)
  - Insurance (1505.9)
  - Merchandise Return Service (1505.10)

- Return Receipt (1505.13)
- ~~Return Receipt for Merchandise (1505.14)~~
- Restricted Delivery (1505.15)
- Signature Confirmation (1505.17)
- Special Handling (1505.18)
- Competitive Ancillary Services (2645)
  - Package Intercept Service (2645.2)

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## 1500 Special Services

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### 1500.2 Products Included in Class

- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Applications and Mailing Permits (1505.2)
  - Business Reply Mail (1505.3)
  - Bulk Parcel Return Service (1505.4)
  - Certified Mail (1505.5)
  - Certificate of Mailing (1505.6)
  - Collect on Delivery (1505.7)
  - USPS Tracking (1505.8)
  - Insurance (1505.9)
  - Merchandise Return Service (1505.10)
  - Parcel Airlift (PAL) (1505.11)
  - Registered Mail (1505.12)
  - Return Receipt (1505.13)
  - ~~Return Receipt for Merchandise (1505.14)~~
  - Restricted Delivery (1505.15)
  - Shipper-Paid Forwarding (1505.16)
  - Signature Confirmation Service (1505.17)
  - Special Handling (1505.18)
  - Stamped Envelopes (1505.19)
  - Stamped Cards (1505.20)
  - Premium Stamped Stationery (1505.21)
  - Premium Stamped Cards (1505.22)

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### ~~1505.14 Return Receipt for Merchandise~~

#### ~~1505.14.1 Description~~

- ~~a. Return Receipt for Merchandise service provides mailers of Priority Mail (except Critical Mail), Standard Mail parcels, Standard Post, Package Services, Parcel Select, and Standard Post with a mailing receipt and a~~

~~return receipt providing evidence that the mail has been received at the delivery address, including the recipient's signature. If the initial attempt to deliver the item is not successful, a notice of attempted delivery will be provided to the addressee.~~

- ~~b. Return Receipt for Merchandise service also supplies the mailer with the delivery address if it is different from the address used by the sender.~~
- ~~c. If the mailer does not receive a return receipt within a specified period of time from the date of mailing, the mailer may request evidence of delivery from the delivery record, at no additional charge.~~
- ~~d. Return Receipt for Merchandise service must be requested at the time of mailing.~~

1505.14.2 — Prices

	(\$)
Per Piece (Requested at time of mailing)	4.40



**PART B****COMPETITIVE PRODUCTS**

\* \* \* \* \*

**2110      Priority Mail**

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**2110.5      Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Business Reply Mail (1505.3)
  - Certified Mail (1505.5)
  - Certificate of Mailing (1505.6)
  - Collect On Delivery (1505.7)
  - USPS Tracking (1505.8)
  - Insurance (1505.9)
  - Merchandise Return (1505.10)
  - Registered Mail (1505.12)
  - Return Receipt (1505.13)
  - ~~Return Receipt for Merchandise (1505.14)~~
  - Restricted Delivery (1505.15)
  - Signature Confirmation (1505.17)
  - Special Handling (1505.18)

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**2115      Parcel Select**

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**2115.5      Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service
- Ancillary Services (1505)
  - Address Correction Service (1505.1)

- Certificate of Mailing (1505.6)
- Collect On Delivery (1505.7)
- USPS Tracking (1505.8)
- Insurance (1505.9)
- Return Receipt (1505.13)
- ~~Return Receipt for Merchandise (1505.14)~~
- Restricted Delivery (1505.15)
- Signature Confirmation (1505.17)
- Special Handling (1505.18)

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## **2135            Standard Post**

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### **2135.5        Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - Collect on Delivery (1505.7)
  - USPS Tracking (1505.8)
  - Insurance (1505.9)
  - Merchandise Return Service (1505.10)
  - Return Receipt (1505.13)
  - ~~Return Receipt for Merchandise (1505.14)~~
  - Restricted Delivery (1505.15)
  - Signature Confirmation (1505.17)
  - Special Handling (1505.18)

**PART C****GLOSSARY OF TERMS AND CONDITIONS**

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**3009****H***Held Mail*

Mail will be held at the office of delivery for a specified period of time upon request of the addressee, unless the mail has contrary retention instructions, is perishable, or is Registered Mail, COD mail, insured mail, ~~return receipt for merchandise mail~~, Certified Mail, or Priority Mail Express for which the normal retention period expires before the end of the specified holding period.